

SUMMARY OF THE YEAR  
SVENSKA **SKEPPS**HYPOTEK

2016

# SUMMARY 2016

The following 3 pages are a summary of the 2016 annual report. The full annual report is available in Swedish and can be downloaded from our website.

Svenska Skeppshypotekskassan (Svenska Skeppshypotek) offers financing for Swedish shipping companies or foreign shipping companies with a significant Swedish influence or interest, against ship mortgages as collateral.

Svenska Skeppshypotek disbursed loans during the year totalling SEK 876 million (previous year 2,645). The total amount of loans receivable at the end of the year at balance date's exchange rates was SEK 7,174 million (6,884).

Loans granted by the Board but not yet

disbursed amounted to SEK 4,124 million (2,084) at the end of the year.

Net interest income increased with SEK 17 million compared with previous year and amounted to SEK 116 million (99). The change mainly due to improved return on outstanding loans. Profit before credit losses was SEK 92 million compared with SEK 80 million the previous year. After provision for credit losses of SEK 25 million was brought back, the profit was SEK 117 million (55).

Svenska Skeppshypotek has as per 31 December 2016 no doubtful or non-performing loans.

Return on average balance sheet total was 1.5 per cent (0.8) and return on equity was 6.1 per cent (3.0). Svenska Skepps-

hypotek's equity ratio amounted to 23.2 per cent (24.8). According to Basel III, Svenska Skeppshypotek's capital requirement amounts to SEK 678 million (621) and the total capital ratio was 22.1 per cent (23.4).

According to Finansinspektionen's regulations (FFFS 2014:12) regarding prudential requirements and capital buffers, Svenska Skeppshypotek is exempt from the provisions relating to the limitation of major exposures but remains subject to the provisions on capital adequacy ratios.

The profit for the year of SEK 117 million was allocated to the reserve fund, which subsequently amounts to SEK 1,988 million.

## INCOME STATEMENT

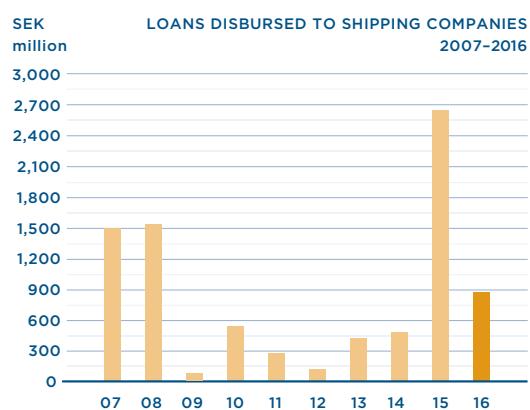
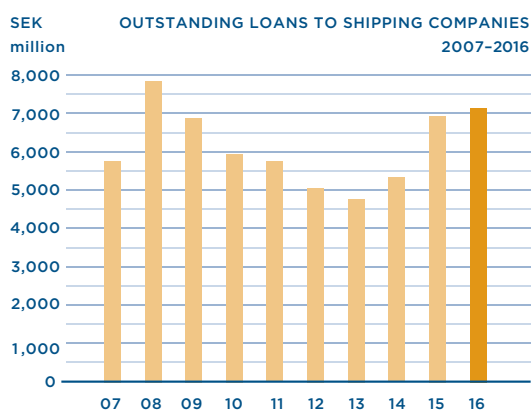
SEK	2016	2015
<b>INTEREST INCOME</b>		
LENDING TO SHIPPING COMPANIES	208,342,488	149,315,156
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	14,366	61,954
interest-bearing securities	1,396,801	7,058,500
LONG-TERM INVESTMENTS:		
interest-bearing securities	5,575,441	6,843,908
<b>INTEREST COSTS</b>	<b>-98,878,858</b>	<b>-63,914,901</b>
<b>NET INTEREST INCOME</b>	<b>116,450,238</b>	<b>99,364,617</b>
Other income	-	245,000
General administrative costs	-19,437,181	-14,745,065
Guarantee fund fee paid to the state	-4,200,000	-3,500,000
Depreciation	-244,849	-826,219
Other operating expenses	-211,250	-211,250
Profit before credit losses	<b>92,356,958</b>	<b>80,327,083</b>
Net credit losses	25,000,000	-25,000,000
Profit allocated to the reserve fund	<b>117,356,958</b>	<b>55,327,083</b>

# BALANCE SHEET

SEK	2016-12-31	2015-12-31
<b>ASSETS</b>		
Cash	10,797	10,000
Lending to credit institutions	1,037,920,268	320,170,491
Bonds and other interest-bearing securities:		
short-term investments	113,141,851	–
long-term investments	200,550,403	316,470,012
Lending to shipping companies	7,174,102,668	6,884,333,465
Tangible assets	266,339	430,122
Accrued interest income	31,592,458	24,557,110
Prepaid expenses and other accrued income	3,491,063	3,439,480
<b>Total assets</b>	<b>8,561,075,847</b>	<b>7,549,410,680</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Liabilities to credit institutions	6,525,960,365	5,652,708,576
Accounts payable	6,679	133,157
Other liabilities	238,850	227,521
Accrued interest expenses	15,053,483	8,448,677
Deferred income and other accrued expenses	14,340,838	5,508,075
Other provisions	16,994,000	11,259,000
<b>EQUITY</b>		
Reserve fund, whereof profit for the year SEK 117.4 million (55.3)	1,988,482,632	1,871,125,674
<b>Total liabilities and equity</b>	<b>8,561,075,847</b>	<b>7,549,410,680</b>
<b>COLLATERAL PLEDGED</b>	None	None
<b>CONTINGENT LIABILITIES</b>	None	None
<b>COMMITMENTS</b>	1,401,000,000*	959,000,000*

The Swedish state has issued a guarantee of SEK 350 million as security for Svenska Skeppshypotek's debts. The guarantee can be called upon in the event that Svenska Skeppshypotek's equity together with its borrowers' payment responsibility in accordance with §36 Act on Svenska Skeppshypotekskassan (1980:1097) is not sufficient to meet Svenska Skeppshypotek's debts. The guarantee is valid until 1 January 2037.

\*Commitments refers to granted loans during 2012-2016 where binding loan agreements between lender and borrower have been entered into during 2013-2016.



## KEY FIGURES

	2016	2015	2014	2013	2012
Profit for the year, SEK m	117.4	55.3	73.3	87.4	76.7
Balance sheet total, SEK m	8,561.1	7,549.4	6,604.6	6,233.6	6,375.8
Reserve fund, SEK m	1,988.5	1,871.1	1,815.8	1,742.5	1,655.1
Return on average balance sheet total, per cent	1.5	0.8	1.1	1.4	1.1
Return on equity, per cent	6.1	3.0	4.1	5.1	4.7
Equity/assets ratio, per cent	23.2	24.8	27.5	28.0	26.0
Capital adequacy quotient	–	–	–	3.67	3.59
Tier 1 capital ratio, per cent	22.1	23.4	27.7	–	–
Total capital ratio, per cent	22.1	23.4	27.7	27.9	–
Number of employees	7	8	8	8	8

### Definitions:

Return on average balance sheet total = Profit for the year / Average balance sheet total

Return on equity = Profit for the year / Average reserve fund

Equity/assets ratio = Reserve fund / Balance sheet total (both at the end of year)

Capital adequacy quotient = Capital base / Capital requirement

Tier 1 capital ratio = Capital base / Risk exposure amount

Total capital ratio = Capital base / Risk exposure amount

## FACTS

Svenska Skeppshypotek's operations are governed by the Act (1980:1097) on Svenska Skeppshypotekskassan.

- Svenska Skeppshypotek can finance Swedish shipping companies and foreign shipping companies with a significant Swedish influence or interest.
- The maximum loan term is 15 years.
- The loan must be paid off in full when the ship reaches the age of 20 years (unless there are special circumstances).
- Loans are to be secured by collateral in ships (or balance in or guarantee from a bank or the Swedish State).
- Loans may be granted for up to 70 per cent of the value Svenska Skeppshypotek estimates the vessel to have.
- Interest rates are determined individually.
- Loans may in some cases be granted for up to 90 per cent of the value of the ship according to a special ordinance. Preference is to be given to smaller shipping companies.
- Lending takes place in foreign or Swedish currency at a floating or fixed interest rate.

## SVENSKA SKEPPSHYPOTEK

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